

# Sports Funding

**Recent developments on the betting and gambling sector present new opportunities for the funding of sports, as illustrated by the increasing number of commercial agreements with sports organisations. The best way to secure an optimum financial flows and “fair return” from gambling is by encouraging Member States to have attractive gambling markets.**

Throughout Europe, sports fulfil an important social, economic and entertainment role in society. Betting is a complementary and popular form of entertainment that creates increased interest in sports events and enhances the appeal of competitions. In a regulated and competitive market, online sports betting can generate new and diversified sources of revenue for both **grassroots** and **professional** sports.<sup>1</sup>

## Professional sports

With most European markets moving to a licensing regime, a growing number of sports clubs and federations around Europe have entered into audiovisual rights, live streaming and sponsorship deals with online sports betting operators. Online operators broadcast sports events that no TV station (whether public or private) would broadcast, providing even small and medium sized sports with a broader audience and additional marketing value. From a European perspective, the number of gambling operators becoming leading shirt sponsors in the top 5 markets in Europe grew from 1 in 2002/3 to 26 in 2010/11.<sup>2</sup> Football remains the most attractive sport. For instance, 80% of the estimated €100 million invested by the betting sector in UK sports sponsorship in 2015 went into Football.<sup>3</sup>

## Grassroots sports

One popular myth is that the development of online betting in some way might jeopardise existing revenue streams of national lotteries that is redirected to grassroots sports in certain Member States. In fact, offline gambling revenue is expected to continue to grow (with lottery products remaining the largest category product) keeping the majority share of the market with an estimated 78% share by 2020 indicating a “very marginal cannibalisation of the market”.<sup>4</sup> Despite the expansion of online betting in regulated markets such as the UK, Italy, France, Spain and Denmark, the latest figures show that despite poor macroeconomic conditions, their revenues of national lotteries have continue to grow.

As a matter of fact, some studies<sup>5</sup> have pointed towards the sports federations themselves, and their so called “solidarity mechanism” towards grassroots sports. For instance, football clubs spend on player transfers around €3 billion a year, but very little of this money trickles down to smaller clubs or the amateur game.

<sup>1</sup> Commission workshop on online gambling and systems of revenue distribution, June 2011

<sup>2</sup> European Sponsorship Association, 2013

<sup>3</sup> Repucom, 2015

<sup>4</sup> H2 Gambling Capital, May 2016

<sup>5</sup> The Economic and Legal Aspects of Transfers of Players, January 2013

## Barriers to funding of sports

Unfortunately, the reality today is that leading European betting operators remain unable to conclude commercial arrangements with sports organisations in certain Member States (for instance in Poland, Germany, Sweden) due to unjustified market restrictions, for which the Commission has still strong reservations in terms of compliance with EU law.

## Conclusion

- The development of the online market does not reduce the Member States' tax income or the revenue of national historic gambling operators, and will therefore not deprive grassroots sports from existing revenue streams.
- Through audiovisual rights, live streaming and sponsorship the development of online betting generates new and diversified sources of revenue for sports.